



**Military
Health
System**

From Now to The Next Generation of TRICARE Contracts: Contract Transition in Progress

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TRICARE...The Journey

A photograph of a two-lane asphalt road that curves through a desert landscape. The road has double yellow lines in the center. The surrounding terrain is arid with sparse green and brown shrubs. In the distance, there are hills and utility poles with power lines. A red 'X' is superimposed on the road, marking a specific location. The text "We are here !" is written in white, bold, sans-serif font over the road, with the red 'X' positioned directly above the word "are".

We are here !

What changes...what does not

What does not change:

**Benefits, copays, deductibles,
PCM by
Name, access standards, TPR,
TSCs,
T-Plus, TRICARE for Life, etc.**

What does change:

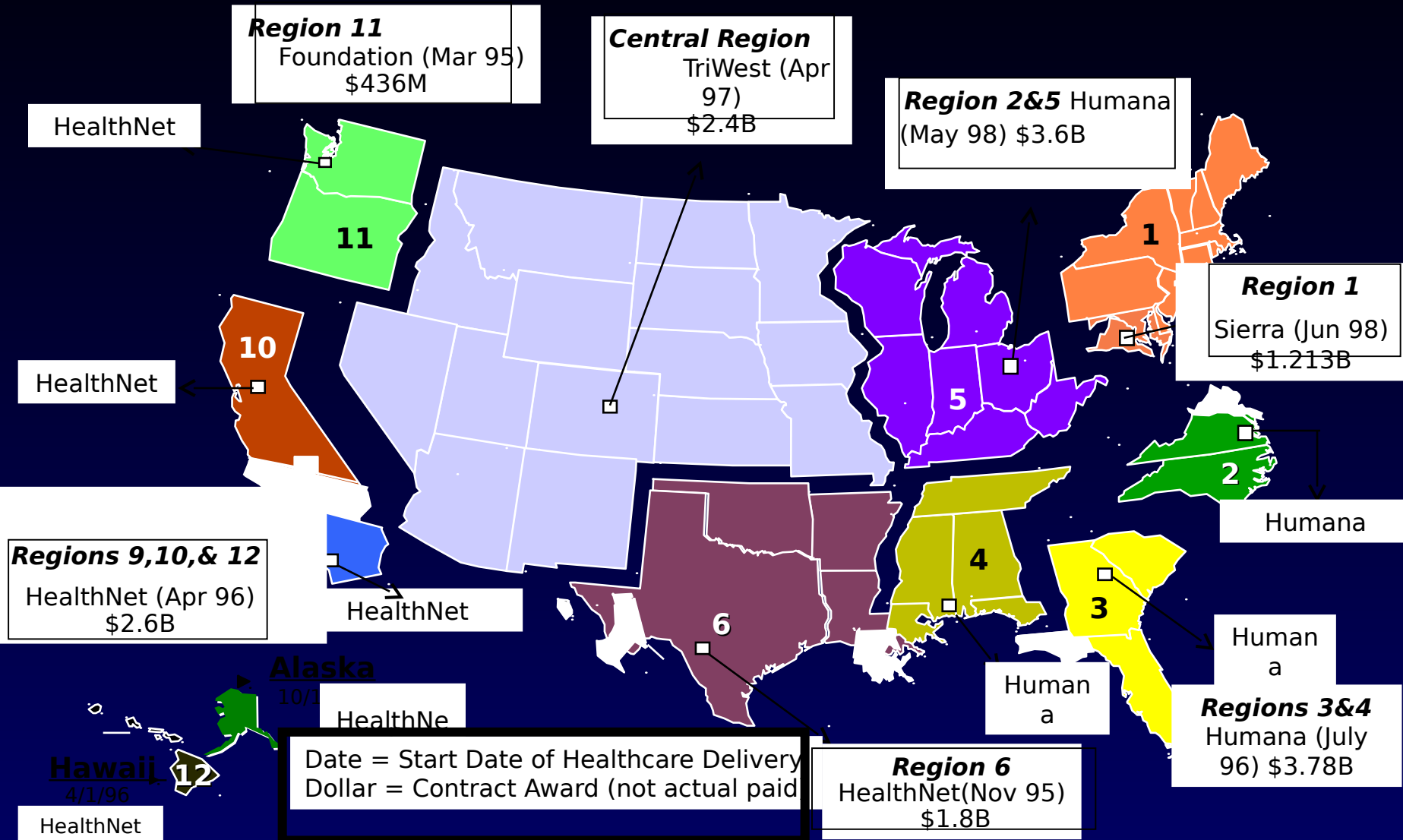
**Regional geography
TRICARE contract (s)/contractors
TRICARE governance**

TRICARE...Overview



Geographic Changes with The Next Generation of TRICARE Contracts

T-Now Across DoD



T-Nex Structure: Regional Offices & Multi-Service Markets



Fairbanks

Anchorage

Markets

TriWest

Colorado Springs CO

San Diego CA

Honolulu, HI

HealthNet

National
Capital
Portsmouth
Ft Bragg/Pope
AFB

Jackson/Shaw AFB
Charleston
Naval Hosp/AFB Clinic

Humana

Biloxi MS

San Antonio, TX



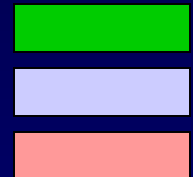
Regional Offices

Multiple Services Markets

North

South

West



| AREAS | REGIONS | ELIGIBLES | CLAIMS |
|--------------|----------------|-----------|------------|
| Northeast | 1, 2 & 5 | 2,767,074 | 11,747,675 |
| Southern | 3, 4 & 6 | 2,581,495 | 15,313,085 |
| Central/West | Central | 2,544,081 | 11,287,693 |
| | 10, 11, 12, HI | | |

Regional Transition Schedule



- ♦ **Region 11.....June 04**
- ♦ **Region 2/5.....July 04**
- ♦ **Region 9/10/12....July 04**
- ♦ **Region $\frac{3}{4}$August 04**
- ♦ **Region 1.....September 04**
- ♦ **Region 7/8.....October 04**
- ♦ **Region Central...September 04**
- ♦ **Region 6.....November 04**

TRICAREOverview

Changes in the TRICARE Contract (s)



Next Generation: The Guiding Acquisition Principles

- ◆ **RFPs that are simpler and easier to understand, to ensure maximum competition for our business, and contracts that are less complex to administer.**
- ◆ **Performance-based requirements, clearly defining our ultimate needs rather than simply listing our expectations**
- ◆ **Establish separate contracts (carve-outs) and organize work logically by core competencies.**
- ◆ **Take advantage of lessons learned.**

Next Generation Contracts



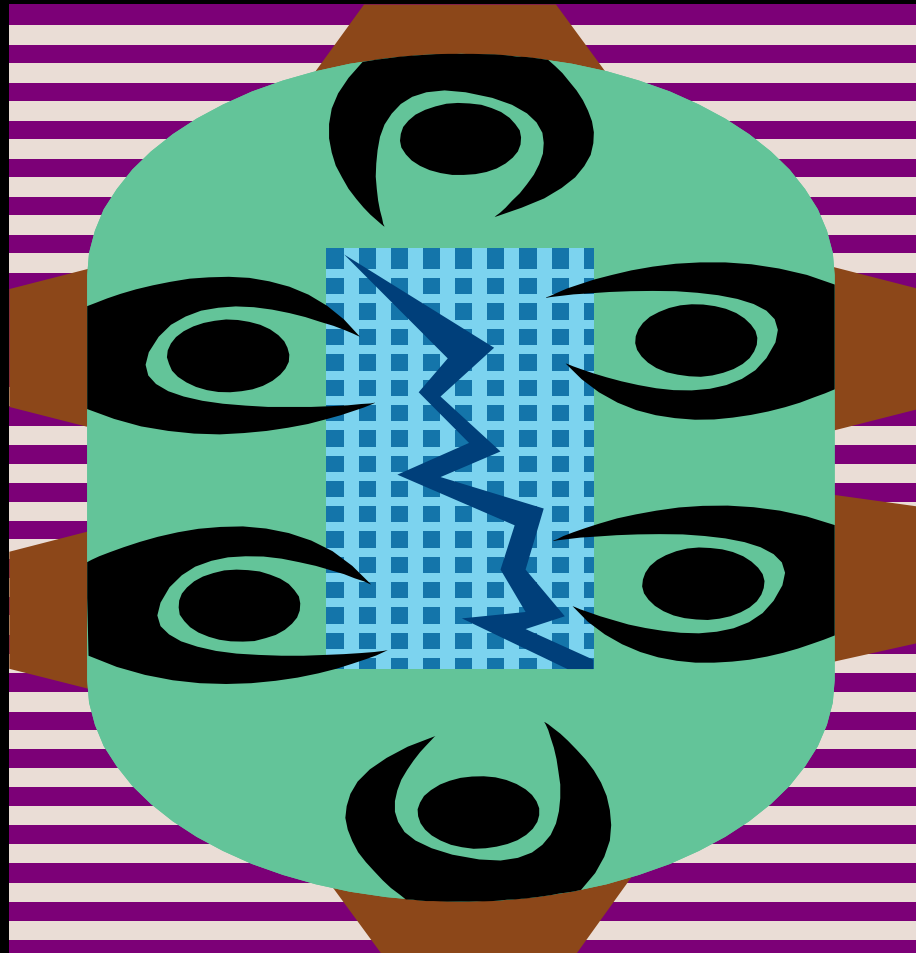
- ◆ **Health Care/Administrative Services**
- ◆ **Retail Pharmacy**
- ◆ **Marketing & Education**
- ◆ **TFL Fiscal Intermediary**
- ◆ **Local Support (to MTF:
appointing/UM/resource sharing)**
- ◆ **TRICARE Mail Order Pharmacy**
- ◆ **Retiree Dental**
- ◆ **National Quality Monitoring**

Contract Objectives



- ♦ Optimization of Direct Care System
- ♦ High Beneficiary Satisfaction
- ♦ Best Commercial Practices
- ♦ Minimal Disruption During Transition
- ♦ Government Access to Data

T-Nex Governance: Seeking Health Plan Integration



Governance Plan

Signed Governance Plan: 22 OCT 03

Objective:

Modify the current MHS responsibilities and duties to unify health plan management and to separate it from the medical treatment facility management while maintaining the overall command structure by the services

Governance Principles



- ◆ **Local MTF commanders are accountable for performance through their business plans.**
- ◆ **The Service Surgeons General are accountable for the performance of their MTFs.**
- ◆ **Regional Directors are responsible for developing regional business plans that integrate the local MTF plans and the contractor plans.**
- ◆ **Information will be freely shared and will be visible throughout the Military Health System.**

T-NEX: New Roles and Terms

- ◆ **Market**
- ◆ **Market manager functions (management functions all commanders will do to include management of the business plan, local support services, etc.)**
- ◆ **Senior Market Manager (designated lead market manager in overlapping catchment areas)**
- ◆ **TRICARE Regional Director**
- ◆ **MTF/Regional Business Plan**

Three Levels of Management

- ♦ **National - TMA**
- ♦ **Regional - Three CONUS Regional Offices and Three Overseas Regions**
- ♦ **Local - new market management responsibilities for multi-service market managers and MTF Commanders**

Market Management

Single service Market managers

- Manage Catchment Area Benefit Mission
- Execute Readiness
- Execute Svc Msns
- Develop and Execute Business plan
- Manage Catchment Area Purchased Care for Enrollees

Multi Service Market Managers

- Develop Integrated Market Business Plans
- Coord Readiness Support
- Ensure Unity of Effort
- Monitor Execution
- Selected by SGs

Regional Director MTF Non Market Manager

- Manage Integrated Regional Business Plan
- Administer Health Care benefit in Non-catchment areas
- Oversee contract performance
- Manage award fee

Regional Director



- ♦ **3 RDs: flag officer or SES**
- ♦ **RD offices: San Antonio, San Diego, and National Capital**
- ♦ **Report to TMA Deputy Director**
- ♦ **Assumes some current Lead Agent functions, but not population health, deployment of MHS IM/IT initiatives, current contract close out, and routine analytical support**
- ♦ **Stand up 50 to 60 person health plan management office**

Regional Director Position



The Regional Director is responsible and accountable for an integrated regional health plan that includes the purchased care provided by the TRICARE contractors and the direct care provided by the military health care system.

Senior/Multi-Service Markets

- ♦ **Army Lead:**
 - National Capital Region - Cdr, WRAMC
 - Puget Sound, WA - Cdr, MAMC
 - Hawaii - Cdr, TAMC
 - Columbia, SC - Cdr, Moncrief ACH
 - Fayetteville, NC - Cdr, Womack AMC
 - Fairbanks, AK - Cdr, Bassett ACH
- ♦ **Air Force Lead:**
 - San Antonio, TX - Cdr, Wilford Hall AFMC
 - Colorado Springs, CO - Cdr, Air Force Academy Hosp
 - Biloxi, MS - Cdr, Keesler AFMC
 - Anchorage, AK - CDR, Elmendorf
- ♦ **Navy Lead:**
 - Portsmouth, VA - Cdr, Portsmouth NH
 - Charleston, SC - Cdr, Charleston NH
 - San Diego

Functions Transitioning to the

MTF Under T-NEX

➤ From the “old” MCS contracts:

Resource sharing, appointing, internal UM, HCIL, HEAR

➤ From the new T-Nex contracts:

MOU with MCSC, satisfaction survey, contingency planning, access to contractor data, referral management, start up activities

➤ From the new T-Nex Governance structure:

Manage full risk for enrollees, develop/manage business plan, manage market/multi-market, establish relationship with Regional Directors

➤ From Outgoing Lead Agents:

Population health activities, telemedicine, etc.

T-Now Lead Agent Role

- ◆ **Phase out current contract**
- ◆ **Phase out Lead Agent Office**
- ◆ **Assist with transition in activities**

Business Plan: Key Integration Link

- ◆ The purpose of the business plan is to:
- Document the accountability and responsibility for the scope of care provided by each MTF
- Account for staffing and funding
- Compare MTF capability and capacity to market demands and opportunities
- Establish productivity and financial objectives with TMA
- Be the key element for the integration of the direct care system with the purchased care system

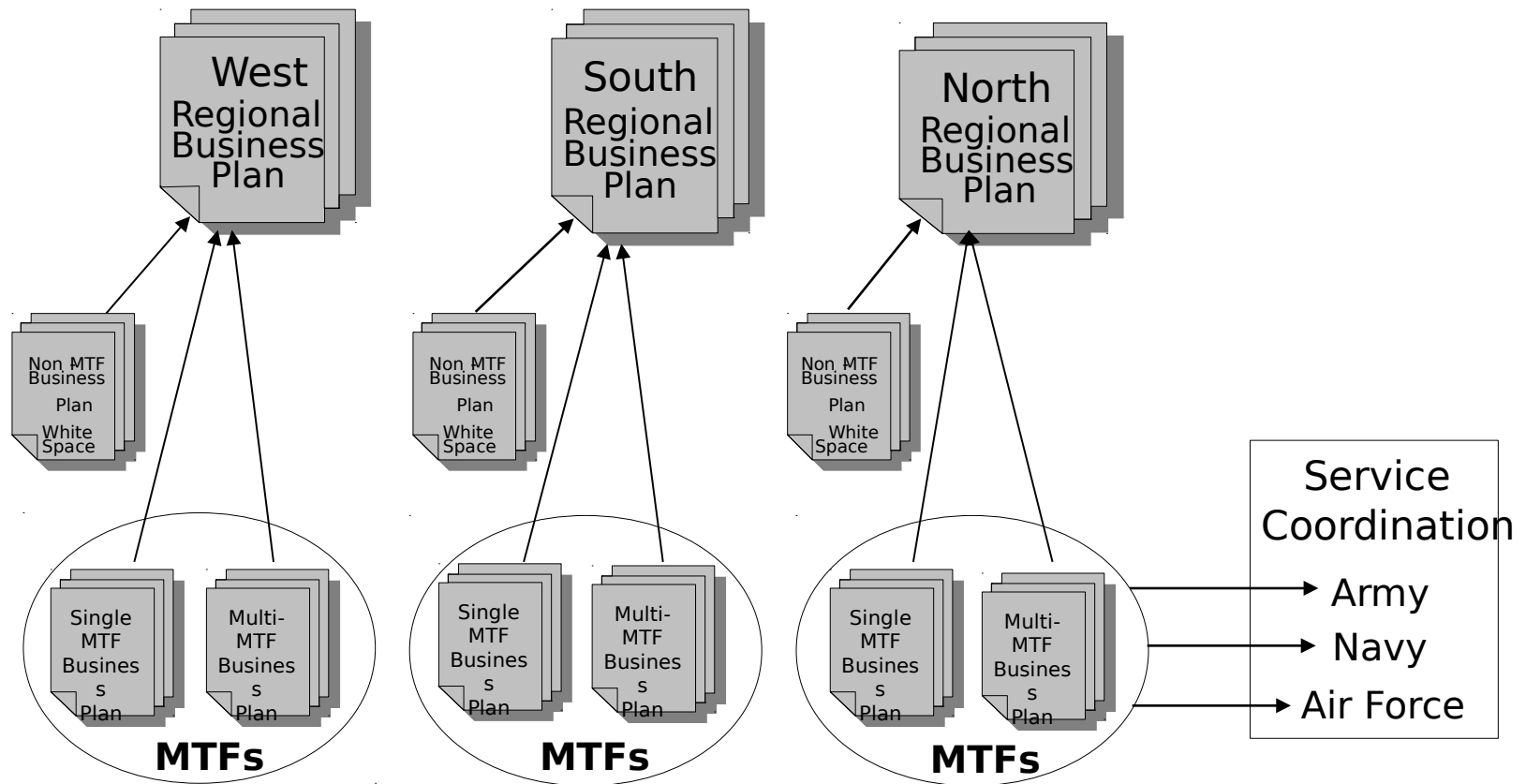
Business Plan Will Drive Key Business Process Changes

Establish performance targets in the business plan and then monitor performance against that plan (versus simple historical trends)

Link resourcing decisions to business plans and their execution

Goal: Major change in healthcare financing = Prospective payment

Business Planning Process



Approved MTF Business Plans are input for Regional Business Plans

The Time is “Now”



T-NEX Acquisition Timeline

AWARD
27 August 03

1 Oct 01-
31 Mar 02

31 Mar 02-
31 Jul 02

1 Aug 02

1 Aug 02-
20 Dec 02

1 Mar 03-
1 Jul 03

1 Sep 03-
31 Apr 04 1 June 04

**Develop
p RFP**

**Approval
Coordination**
n

Release

**RFP
Proposal Prep**

Evaluation

**SHC
D**

**Transiti
on**



Frequently Asked Questions



- ♦ **Will my benefits change under the new contracts?**
- ♦ **Are there any new costs?**
- ♦ **Do I have to re-enroll for Prime with the new contractor?**
- ♦ **Will the award affect the assignment of my PCM?**
- ♦ **Where do I find out more information?**

Stay Tuned.....



- ◆ **Latest information and updates are found on the TMA website**
 - **www.tricare.osd.mil**

T-Nex...The Journey

